



COMDTNOTE 7101

APR 14 2005

COMMANDANT NOTICE 7101

CANCELLED: APR 13 2006

Subj: SELECTED DELIVERABLES FOR FISCAL YEAR 2005 FINANCIAL STATEMENTS

Ref: (a) Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)

1. PURPOSE. This Notice highlights certain procedures for the preparation and submission of the fiscal year 2005 Coast Guard financial statements that are required by the Chief Financial Officers (CFO) Act of 1990, the Department of Homeland Security (DHS) Financial Accountability Act of 2004, and as detailed in reference (a).
2. ACTION. Area and district commanders, commanders of maintenance and logistics commands, commanding officers of headquarters units, assistant commandants for directorates, Judge Advocate General, and special staff offices at Headquarters shall ensure compliance with the provisions of this Notice. Internet release is authorized.
3. DISCUSSION.
 - a. The CFO Act requires Federal agencies to improve financial management and internal controls to assure issuance of reliable financial information. This legislation also requires annual audited financial statements and requires CFOs to develop and maintain an integrated agency accounting and financial management system including financial reporting and internal controls.
 - b. Office of Management and Budget (OMB) Circular A-136 requires agencies to submit the fiscal year 2005 DHS financial statements to OMB and Congress by 15 November 2005. Agencies are also required to submit unaudited interim financial statements to OMB 21 days after the end of each quarter of the fiscal year.
 - c. Similar to last year, this accelerated submission deadline has resulted in across-the-board deadline changes for the fiscal year 2005 financial statements. These due dates are listed on Enclosure (1). Even though the FY05 financial statements are based on 9/30/05 data, the bulk of this year's audit work will be based on the 6/30/05 statements. Consequently, Enclosure (1)

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includes action items for both due dates/statements. In an effort to facilitate seamless communication during this year's audit process, a list of oversight coordinators within Internal Controls and Asset Management Division (CG-842) for all functional areas is provided in Enclosure (2). All questions and concerns are to be directed to the Coast Guard's Chief Financial Officer via the appropriate Functional Area Coordinator.

d. Management Discussion and Analysis (MD&A):

- (1) The Management Discussion and Analysis (MD&A) is a key part of any financial statement. Its purpose is to help those who use the financial statements understand the Coast Guard's financial condition and operating results. In accordance with OMB Bulletin No. 01-09, the MD&A will discuss, at a minimum, the Coast Guard's mission and organizational structure, its program and financial performance goals, objectives, and results, as well as an assessment of its systems, controls, and legal compliance. Program and financial results should be expressed in terms of objective, relevant measures that disclose the extent to which the Coast Guard's programs are achieving their intended objectives. The MD&A may also include forward-looking information about the possible effects of anticipated future demands, events, conditions, and trends. Performance information appearing in the MD&A should be consistent with information appearing in performance plans and reports and budget documents.
- (2) Along with its principal statements and related footnotes, the Coast Guard will submit an MD&A with the most significant programmatic and financial performance measures to DHS. Performance information to be included in this MD&A shall be gleaned from the Coast Guard's FY 2005 budget submission and the FY 2005 CG Performance Plan. As in FYs 2003 and 2004, this year's report must be a combined performance and accountability report. It must include the Annual Performance Report required by the Government Performance and Results Act (GPRA), as well as the annual Coast Guard financial statements and other reports.

4. RESPONSIBILITIES. (See enclosure (1) for specific deadlines)

- a. Commandant (CG-8(d)), U.S. Coast Guard Chief Financial Officer (CFO). Provide complete, reliable, timely and responsive financial information to meet statutory and regulatory requirements.
- b. Commandant (CG-84).
 - (1) Coordinate the overall submission effort for the Coast Guard's annual CFO statements. Work closely with the appropriate OIG audit team in the process.
 - (2) Conduct follow-up as indicated on CFO audit corrective action plan. Act as an internal Coast Guard financial consultant as needed.
 - (3) Provide information regarding critical milestones that must be met in order to publish the Coast Guard's financial statements in accordance with DHS' and OMB's timeline.

- (4) Ensure necessary financial and accounting policies are promulgated to support preparation of the annual financial statements.
- (5) Coordinate with Commandant (CG-81) to develop a MD&A, using the general criteria summarized in paragraph 3.d. above and as specifically detailed in OMB Bulletin No. 01-09.
- c. Commandant (CG-81). Develop information regarding the Coast Guard's programmatic performance and related financial impact. Coordinate with Commandant (CG-84) on the inclusion of this data in the Coast Guard's MD&A presentation.
- d. Commandant (CG-85). Ensure that each Chief of the Contracting Office (COCO) initiates action to clear outstanding unexpended account balances, especially those with appropriations due to close by 30 September. Based on responses from the contracting offices, the FINCEN will record an accrual for any items or services that have been received but not processed in CGOF.
- e. Commandant (G-LCL). Based upon central research conducted within the legal community and any requests for opinions on potential contingent liabilities presented by Appropriation, Fund or Program Managers, provide a consolidated "legal letter" to the DHS Inspector General with a copy to the DHS Office of Financial Management regarding the extent/potential for claims and litigation, and the likely outcome.
- f. Coast Guard Finance Center (FINCEN).
 - (1) In coordination with Commandant (CG-84), work with other DHS personnel to assure that the OMB statement requirements are incorporated into designated financial systems.
 - (2) Compile and forward on a timely basis the required Coast Guard financial statements and related information to the affected fund managers and DHS.
- g. Inventory Control Points/Coast Guard Yard.
 - (1) Provide timely Federal Agency Centralized Trial Balance System II (FACTS II) general ledger crosswalk to FINCEN.
 - (2) Provide timely and accurate financial statement input to FINCEN for consolidation.
 - (3) Assist affected appropriation/fund managers in developing and subsequently executing corrective action plans.
- h. Appropriation, Trust/Revolving Fund and Program Managers.
 - (1) Evaluate actual closeout results against the project/AFC manager's closeout projections, taking corrective action where necessary.
 - (2) For issues under their direct responsibility, develop and implement a timely corrective action plan to address discrepancies identified during the DHS audit of the annual CFO Statements.

- i. AFC Managers for centrally managed Allotment Fund Codes (i.e. AFC 01, 08, 20, 56, and 57) and Project Target Officers for centrally managed projects (within G-A, G-S, G-M, G-W and G-O). Provide FINCEN with year-end accounts payable accruals for inclusion in the annual CFO Statements. Examples of items to be included are Project Management Data Sheets, medical liabilities, CHAMPUS claims, travel claims, and household moves (specific description of accrued liabilities will be provided by Commandant (CG-84) staff).
5. PROCEDURES. A specific timeline of critical events affecting the FY 2005 CFO Statement development is provided in enclosure (1). A list of point of contacts/coordinators within the CFO's staff is provided in enclosure (2).
6. FORMS. None.

R. S. HOROWITZ/s/
U.S. Coast Guard
Chief Financial Officer

Encl: (1) Financial Statement and Audit Preparation Plan
(2) FY04 Financial Statement Oversight Initiative

Financial Statement and Audit Preparation Plan

Action Item	Responsible Office	Due dates for 6/30 Statements	Due dates for 9/30 Statements
Provide unfunded Active Duty Bonus Liability to be paid in future years	G-WR/ CG-83/ CG-842	6/20	9/18
Provide Environmental Liability Data	G-SEC/CG-842	6/20	9/18
Provide retired pay actuarial pension and health care data from actuary for statements	G-WR/CG-842	6/20	9/18
Legal Liabilities	G-LCL	6/20	9/18
Provide unfunded PCS Post Employment Actuarial Liability	G-WR/ CG-83/ CG-842	6/20	9/18
Provide capital and operating lease data for footnotes	CG-842	6/20	9/18
Information for Statement of Net Cost	CG-812	6/20	9/18
Obtain CUPS Unfunded Annual Leave	FINCEN FF	6/20	9/18
Obtain imputed costs from Treasury Judgment Fund	FINCEN FF	6/20	9/18
Obtain DOL unfunded actuarial and funded liability from DHS for recording	FINCEN FF	6/20	9/18
Provide input on AFC-57 medical liability	G-W/ FINCEN FF	6/20	9/18
Provide input on AFC-73 medical liability	G-W/ FINCEN FF	6/20	9/18
Provide liability to OPM for civilian pay liabilities	G-WR/ FINCEN FF	6/20	9/18
Provide OPM CSRS and FERS pension, FEHB and FEGLI imputed financing accounts for statements and footnotes	G-WR/ CG-842	6/20	9/18
Provide unfunded Military Annual Leave Liability	G-WR/ CG-83/ CG-842	6/20	9/18
Provide employer contributions for CSRS/FERS pension, FEHB, and FEGLI	G-WR/ CG-842	6/20	9/18
Provide unfunded Montgomery GI Bill to be paid in future years	G-WR/ CG-83/ CG-842	6/20	9/18
Provide unfunded Reserve Re-enlistment Bonus	G-WR/ CG-83/ CG-842	6/20	9/18
Provide RSSI Real Property Stewardship Data	CG-842/ FINCEN	6/20	9/27
Provide month end ICP TIER input file	Yard/ ELC/ AR&SC	6/28	9/26

Enclosure (1) to COMDTNOTE 7101

Provide month end ICP cost report by appropriation and object class	Yard/ ELC/ AR&SC	6/28	9/26
Provide month end CGOF TIER extract file	ELC/AR&SC/ FINCEN SP	6/28	9/26
Provide month end ICP trial balance and allotment status reports	Yard/ ELC/ AR&SC	6/28	9/26
Provide month end CGOF trial balance and other required financial statement files	FINCEN SP	6/28	9/26
Provide ICP OM&S Inventory Balances, Footnotes and Reconciliation of Beginning to Ending Balances (Cost of Goods Sold Reconciliation)	Yard/ ELC/ AR&SC	6/28	9/26
Provide Field OM&S Balances and Footnotes	CG-842	6/29	9/27
Provide Deferred Maintenance Data	G-SRM/ CG-6R CG-842	6/29	9/27
Provide RSSI Personal Property and Artifact Data	CG-842	6/29	9/27
Provide OM&S to PP&E Reclassification Documentation and Reports	CG-842	6/30	9/29
Complete footnote verbiage	CG-842	7/5	10/04
Submit initial Tier file	FINCEN	7/8	10/7
Complete RSI RDT&E stewardship investment footnote	FINCEN FF	7/12	10/12
Complete RSI segment information on CG yard and supply fund revolving funds	FINCEN FF	7/12	10/12
Submit CG final adjusted Tier file	FINCEN	7/19	10/14
Submit final adjusted Tier file financial statements to DHS (with audit adjustments)	FINCEN/ CG-842	7/27	10/27
Submit final Statement of Financing, Notes, MD&A and RSSI	FINCEN/ CG-842	7/30	10/28

Balance Sheet - Assets

Functional Review Area	CG-842 Functional Review Area Coordinator	Action Office
Fund Balances, Cash, Investments & Advances	Warren Cottingham	FINCEN/NPFC
Accounts Receivable Intra-Government Public-Other Oil Spill	Warren Cottingham	FINCEN FINCEN NPFC
Inventory/OM&S <u>OM&S:</u> AR&SC ELC Field <u>Inventory:</u> Supply Fund Industrial Fund	Chris Buckmaster Chris Buckmaster	AR&SC/G-SEA ELC/G-SEN G-SLP ELC/YARD/G-SEN G-SLP
PP&E <u>Real Property:</u> Land Bldg/Structures <u>Personal Property:</u> Vessels Aircraft Boats Major Electronics Systems ADP Software Small Arms Vehicles General Purpose Construction in Progress	Jim Kearney/Chris Buckmaster Chris Buckmaster Jim Kearney/Chris Buckmaster	G-SEC/CG-842 G-SEC/CG-842 G-SEC/CG-842 G-OCU/CG-842 G-OCA/CG-842 G-OCS/CG-842 CG-64/CG-842 CG-65 G-OPL G-SLP CG-842 G-A-1c/G-D

Balance Sheet – Liabilities

Functional Review Area	CG-842 Functional Review Area Coordinator	Action Office
Accounts Payable & UDOs	Warren Cottingham	FINCEN (OC)/KOs
Military Retirement Pension & Benefits Pension Health Benefits	Holly Mathis	CG-831 G-WR & Millman Assoc
Environmental & Disposal Liabilities Vessels & Boats Shore Facilities	Ed Rosa	CG-842 G-SEC-3
Other Liabilities <u>Personnel Related:</u> Champus Liability FECA Liabilities Accrued Pay & Benefits PCS Retirement & Sep Orders Military Annual Leave Military Re-enlistment Bonus Montgomery GI Bill <u>Other:</u> Undistributed & Unappropriated Collections Unbilled State Payments Other	Holly Mathis Warren Cottingham	FINCEN CG-831/G-WR CG-831/G-WR CG-83/G-WRP-2 PSC CG-831 G-WPM-1 FINCEN FINCEN FINCEN

Additional Balance Sheet Supporting Data

Functional Review Area	CG-842 Functional Review Area Coordinator	Action Office
End of Period Pipeline Obligations	Ed Rosa	FINCEN/CG-832
Unadjudicated Claims	Ed Rosa	G-L
Management Representation Ltrs.	Holly Mathis	FINCEN (FC)/G-8(d)/G-C
Deferred Maintenance	Ed Rosa	G-SRM/CG6R
Stewardship Data	Lynn Brown/Warren Cottingham	G-SEC
Management Discussion & Analysis	Warren Cottingham	CG-81
Footnotes	Warren Cottingham	FINCEN
Information on Statement of Net Cost	Warren Cottingham	CG-812/CG-842
Budget	Ed Rosa	CG-83
Procurement	Ed Rosa	FINCEN/CG-84/CG-85/G-D/ G-ACS